

Achieving Results with Accruent for Energy

With Accruent, Anadarko is able to proactively manage occupancy costs as the company aggressively expands.



“Accruent not only gives us more efficient tracking tools for our rent and facilities expenses to keep our costs down, but it also provides a strategic tool enabling us to plan our real estate management going forward.”

— John Frere,
Real Estate Advisor,
Anadarko Petroleum

An independent company headquartered near Houston, Texas, Anadarko Petroleum explores for, produces and markets oil, natural gas, and related products worldwide.

Anadarko produces approximately 525,000 barrels of oil per day, and has proven reserves totaling 2.5 billion barrels. While more than half of the company’s reserves are in the US (Alaska, Louisiana, Texas and the Rocky Mountain states), it also has substantial international interests in western Canada, Algeria, Venezuela, Oman and Qatar. In 2004, Anadarko announced plans to focus \$2.5 billion of its assets on core properties.

T H E C H A L L E N G E

Over the past few years, Anadarko has experienced the growing pains and management challenges that come with rapid expansion. In 2002, the company acquired Union Pacific Resources, a large independent oil and gas company, and Howell Corp. in deals that totaled more than \$258 million. The following year, Anadarko experienced a net income growth of 55.5 percent.

The Accruent solution provides visibility into lease data and critical dates, reducing liabilities and greatly improving financial reporting.

“The Accruent system will become even more robust over time, and will in effect be a one-stop-shop tool for us.”

— John Frere,
Real Estate Advisor,
Anadarko Petroleum

Accruent for Energy

Rapid expansion increased the number of properties the company manages to more than 70, involving more than 100 leases and numerous related agreements. It was soon apparent that Anadarko needed a better, more comprehensive and more unified way to track leases and a host of other occupancy costs. To keep track of all real estate, the company had been relying on Excel spreadsheets, which depended heavily on manual input, manual searches for critical information, and manual comparisons of data.

“With the spreadsheet system we lacked an efficient means of asset tracking,” says

John Frere, Real Estate Advisor for Anadarko. “We needed an efficient way to determine, on a quarterly basis, expenses remaining for the balance of the year.”

Proactively managing critical dates was especially troublesome using a spreadsheet-based approach, says Frere. The company’s leases are of varying degrees of sophistication, which made it difficult to track critical dates. Missed lease deadlines are both costly and risky, especially if lost properties are impossible to replace within specific geographic locations.

THE ACCRUENT SOLUTION

After determining three basic requirements—asset management, facilities management and critical date management—company decision-makers began evaluating numerous software solutions, many of which were strong in one or more of the requirements but not the others.

“We were looking for Best in Class solutions for each of these three elements,” says Frere, explaining why the company ultimately chose the Accruent for Energy, with Drawbase integrated into the company’s PeopleSoft HR system.

The Accruent for Energy implementation happened first, with Anadarko shipping its leases to Accruent for data abstraction. After a 45-day implementation, the system was up and running. Suddenly, the real

estate group was able to proactively track critical dates. And, because of report capabilities, they were able to quickly provide customized and highly accurate reports for management or consultants.

The Drawbase system for Computer Assisted Facilities Management (CAFM) was next on the agenda. After a relatively painless implementation, the system provided real-time tracking of people, spaces and departments for Anadarko’s many facilities.

Anadarko Petroleum

THE BENEFITS

Using Drawbase and Accruent for Energy together allows Anadarko to manage total occupancy costs with high degrees of accuracy, and the company's real estate department has enjoyed a surge in administrative efficiency. In the past, updating a report required time-consuming manual work with an Excel spreadsheet program.

Take, for example, the mandatory five-year forecast on committed rent. Since the new system automatically updates all required data, real estate personnel simply print out an up-to-the-minute report on all required information. Manual labor on reports has been virtually eliminated because the entire process is now automatic. Another big benefit of the Accruent real estate performance management solution is that it manages far more information than the spreadsheets, supporting far more robust lease management.

"And the system will become even more robust over time, especially if we implement the rent pay function or even if we reallocate some of the vendor payments such as utilities," says Frere. "In cases where we're paying for all the utilities on properties, plus taxes and other payments, the Accruent solution will in effect be a one-stop-shop tool for us."

Accruent for Energy provides more visibility into critical dates, allowing for more efficient and highly accurate monthly reporting to the vice president of Corporate Services. In addition, the

system also supports more targeted reporting. Reports are no longer simple histories but strategic tools that will help the company make better plans going forward. For example, consultants can request specialized reports to evaluate whether to condense or expand Anadarko's field offices.

With Drawbase, Anadarko can now keep track of its spaces and people in real time. It can also create "what if" scenarios involving people, spaces, departments (and even furniture) to ensure the most efficient use of its resources.

"Basically, the Accruent systems provide a new level of back office administrative efficiency in the areas of real estate, people and facilities management," Frere says. "In terms of occupancy costs, we want it to track everything to make sure we don't miss critical dates. If you miss a determination clause or a renewal right, it can be very costly. When we looked at the cost of the Accruent solution, the expense is very low compared to the cost of pulling oil and gas out of the ground, and the benefits are clearly there."

HIGHLIGHTS

COMPANY PROFILE

- > \$5.12 billion total sales (2003)
- > 32.7% yearly sales growth (2003)
- > 60-70 properties worldwide, majority in North America
- > 3,500 employees (2003)

ACCRUENT SOLUTION

- > Accruent Lease Administration for tracking critical dates and management reporting, with future plans for utilizing rent payment functionality and for tracking operating expenses
- > Business Objects functionality to create detailed and highly accurate management reports
- > Drawbase (integrated with the company's PeopleSoft system) for CAFM, including tracking of people, spaces and departments
- > Maximo application to identify and track revenue-generating asset data, including location and work history throughout their entire lifecycle

RESULTS

- > Significantly improved back office efficiencies
- > Reduced risk of missing critical dates
- > Clearly favorable benefit-to-cost ratio
- > Solid foundation to build a consolidated system for greater benefit

THE FUTURE

Going forward, Anadarko plans to expand the roles of its occupancy cost management systems. Planned enhancements include paying rents and reconciling annual operating expenses with Accruent for Energy, and monitoring head count and square footage with Drawbase. Drawbase is integrated with Maximo, which is currently in beta testing, to identify and track revenue-generating assets throughout their entire lifecycle.

Integrating all three systems will provide a holistic view of occupancy costs. This in turn will allow Anadarko to further reduce costs and mitigate liabilities. To provide a truly global view of its real estate, the company plans to eventually expand the system beyond its North American facilities to include its international sites.

ABOUT ACCRUENT

Founded in 1995, Accruent leads the industry with a new generation of solutions designed to fully leverage real estate assets and decisions as an enterprise competitive advantage. Accruent Real Estate Performance Management (RPM) solutions maximize the impact that real estate properties—stores, restaurants, local branches, and corporate offices—have on company performance by driving revenue growth, reducing costs and achieving financial compliance. More than 340 of the world's largest companies, including 20 percent of the Fortune 500 and 40 percent of the Top 100 Retailers use Accruent's solutions. In addition, Accruent couples the broadest and deepest real estate data set and advanced business intelligence to bridge the gap between daily operations and strategy.

For more information, visit www.accruent.com

1601 Cloverfield Blvd.
Suite 500 South
Santa Monica, CA 90404

Phone: 310.526.5700

Fax: 310.526.6300

Email: sales@accruent.com